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OF COUNSEL
WILLIAM G. CONLY

July 6, 2007

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING

Hosston B Zone, Reservoir A, and Hosston C Zone, Reservoir
A, BEAR CREEK FIELD, Bienville Parish, Louisiana.

Dear Sir:

PEOPLES ENERGY PRODUCTION-TEXAS, L.P. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston B Zone, Reservoir A, and to the Hosston C Zone, Reservoir A, in the Bear Creek Field, Bienville Parish, Louisiana:

1. To permit Applicant to drill, designate and utilize two (2) additional alternate unit wells for HOSS B RA SUS and for HOSS C RA SUV, and an alternate unit well for HOSS B RA SUE and for HOSS C RA SUL, at the locations shown on the attached plats.
2. To approve an exception to the spacing provisions of Office of Conservation Order No. 78-Q, effective February 18, 1971 (applicable to the Hosston B Zone, Reservoir A), and of Office of Conservation Order No. 78-Y, effective September 11, 1980 (applicable to the Hosston C Zone, Reservoir A), for any of the proposed wells the location of which, as shown on the attached plats, is not in compliance with such spacing provisions.
3. To find that drilling, designation and use of each of the proposed alternate unit wells is necessary to efficiently and economically drain a portion of the Hosston B Zone, Reservoir A, and the Hosston C Zone, Reservoir A, underlying the units on which the well is proposed to be drilled which cannot be efficiently and economically drained by any existing well within these units.
4. To permit the Operator of HOSS C RA SUV and of HOSS C RA SUL to produce the allowables assigned to these units from either the unit well, any alternate unit well, or from any combination of such wells, at the option of the Operator.
5. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Hosston B Zone, Reservoir A, in the Bear Creek Field, Bienville Parish, Louisiana, was initially defined in Office of Conservation Order No. 78-Q, effective February 18, 1971, and was further defined in Office of Conservation Order No. 78-Q-8, effective July 6, 1982.

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The Hosston C Zone, Reservoir A, in the Bear Creek Field, Bienville Parish, Louisiana, was defined in Office of Conservation Order No. 78-Y, effective September 11, 1980.

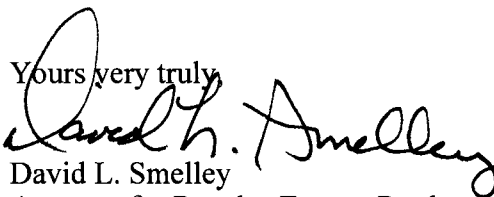
Any pertinent data concerning this application will be available for inspection at the offices of Mr. Craig Barclay, 522 Dumbarton, Shreveport, Louisiana 71106. Any person desiring to inspect any such data should call Mr. Barclay at (318) 869-2223 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter and of the two (2) attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Bear Creek Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

A check payable to the Office of Conservation and covering the application fee is enclosed.

Yours very truly,


-- David L. Smelley
Attorney for Peoples Energy Production-Texas, L.P.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Perry G. Curfman (w/encls.)
Mr. Craig Barclay (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)

GRAPHIC SCALE

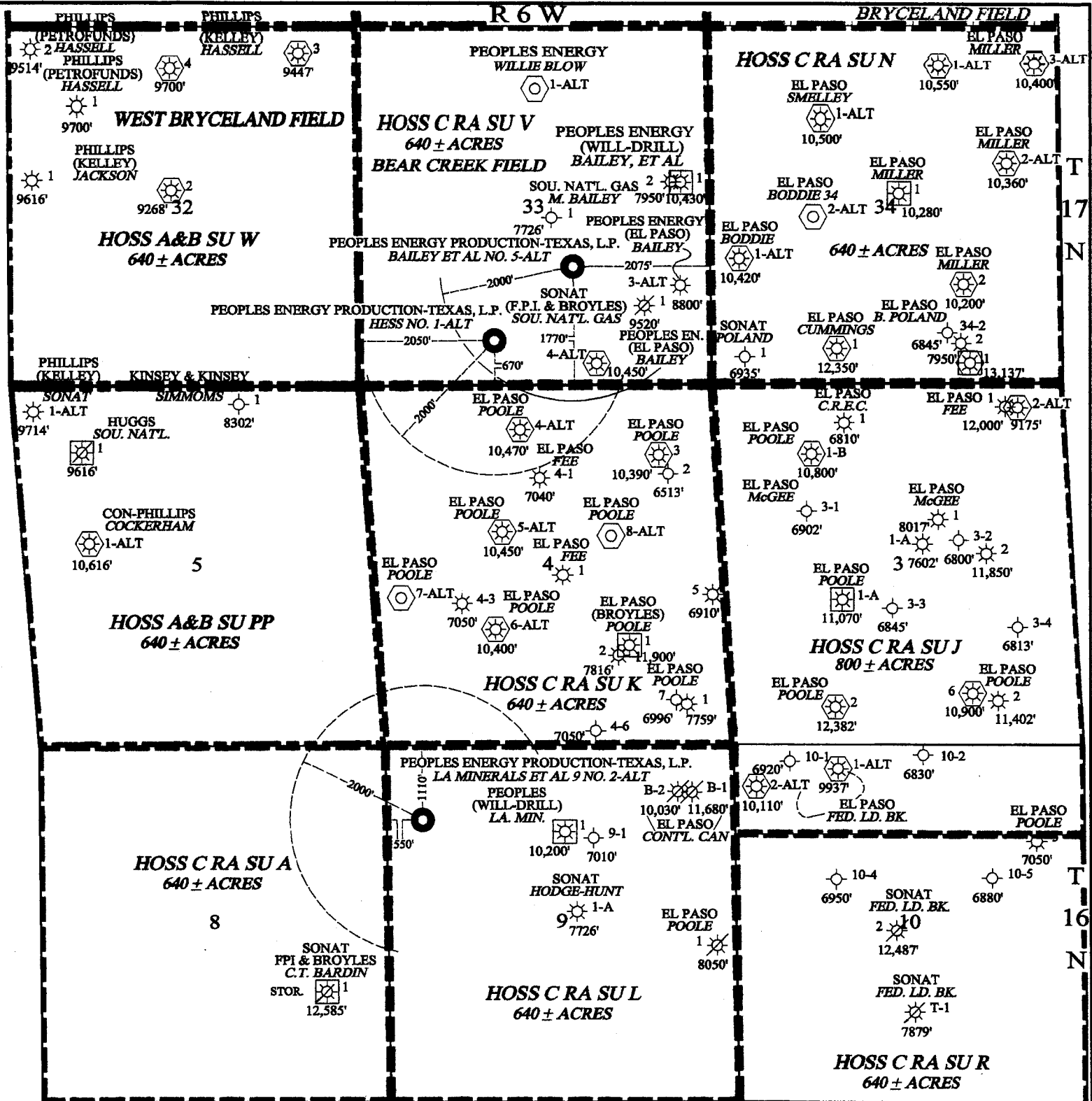


EXHIBIT NO. _____

DOCKET NO. _____

PEOPLES ENERGY PRODUCTION-TEXAS, L.P. HOUSTON, TEXAS

BEAR CREEK FIELD BIENVILLE PARISH, LOUISIANA

PROPOSED ALTERNATE UNIT WELLS FOR HOSSTON C RESERVOIR A SAND UNITS L AND V

● : PROPOSED ALTERNATE UNIT WELLS ○ : EXISTING UNIT WELLS ⬡ : EXISTING ALTERNATE UNIT WELLS

— : BRYCELAND FIELD - - - : WEST BRYCELAND FIELD - - - - : BEAR CREEK FIELD

